



**BUSINESS
PAPER**

**EXTRAORDINARY
MEETING OF COUNCIL**

To be held at 6.00 pm on

Tuesday 8 October 2013

Council Chambers, Level 10,
Council Administration Building, 41 Burelli Street, Wollongong

Order of Business

- 1 Acknowledgement of Traditional Owners
- 2 Civic Prayer
- 3 Apologies
- 4 Disclosures of Pecuniary Interest
- 5 Agenda Items

Members

Lord Mayor –
Councillor Gordon Bradbery OAM (Chair)
Deputy Lord Mayor –
Councillor Chris Connor
Councillor Michelle Blicavs
Councillor David Brown
Councillor Leigh Colacino
Councillor Bede Crasnich
Councillor Vicki Curran
Councillor John Dorahy
Councillor Janice Kershaw
Councillor Ann Martin
Councillor Jill Merrin
Councillor Greg Petty
Councillor George Takacs

QUORUM – 7 MEMBERS TO BE PRESENT

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ITEM 1 TENDER T13-22 - COLLECTION SERVICES CONTRACT

Wollongong and Shellharbour City Councils released a joint Request for Tender for Collection Services, which includes the collection of Residual Waste, Recyclables, Organics, Hard Waste and the provision of related Education and Customer Services. Seven (7) Tenders were received from three (3) Tenderers for services to Wollongong City Council and/or Shellharbour City Council. Five (5) of these Tenders were applicable to Wollongong City Council.

This report recommends acceptance of a tender submitted by REMONDIS Australia Pty Ltd in accordance with the requirements of the Local Government Act 1993 and the Local Government (General) Regulation 2005.

Recommendation

- 1 Council accept the tender of REMONDIS Australia Pty Limited (“REMONDIS”) for the collection of Residual Waste, Recyclables, Organics, Hard Waste and associated Education and Customer Services for a period of 7 years and any extension granted in accordance with the proposed contract, at the rates contained in the tender, being rates which produce a projected annual sum of \$9,553,033.44 excluding GST (\$9,512,614.20 where Shellharbour City Council also determine to accept the REMONDIS tender).
- 2 Council delegate to the General Manager the authority to finalise and execute the contract and any other documentation required to give effect to this resolution.
- 3 Council grant authority for the use of the Common Seal of Council on the contract and any other documentation, should it be required, to give effect to this resolution.

Attachments

There are no attachments for this report.

Report Authorisations

Report of: Kalyan Mondal, Manager City Works
Authorised by: Glenn Whittaker, Director Infrastructure and Works - Connectivity, Assets and Liveable City (Acting)

Background

Hyder Consulting (Hyder) was jointly commissioned by the two councils to provide project management and waste contract consultancy services, including the development of tender documents for the suite of collection and processing contracts.

Stage one of this project required Hyder to explore possible synergies and efficiencies in tendering the collection contracts for both Wollongong City Council (WCC) and Shellharbour City Council (SCC). The approach outlined in the Hyder Recommendations Report effectively allowed WCC to identify what benefits may be achieved through joint tendering with SCC in relation their waste contracts. Through the tender process, Council was able to determine there were benefits to both councils to enter into contracts with the same contractor.

The Collection Service Contract provides a fixed period of seven (7) years, with the options, exercisable by Council, to extend the contract in 1 year increments up to ten (10) years. Councils' current contractual arrangements cease on 30 June 2014, with the new contract proposed to commence 1 July 2014.

WCC working in conjunction with SCC have developed the Collection Services Contract based on the NSW State Governments Model Waste Contract 2005, and also incorporated upgrades from the Model Waste Contract 2011 released by the South Australian Government. These Model Waste Contracts are used by the majority of NSW Councils as the basis for their Collection Services contracts and have provided WCC with guidance to include new provisions and improve services to the community.

The Contract covers the following services:

- Waste Collection (Domestic and Non Domestic premises)
- Recyclables Collection (Domestic and Non Domestic premises)
- Organics Collection (Domestic and Non Domestic premises)
- On-Call Clean Up (Hard Waste) Collection for Recyclables (i.e. mattresses, eWaste, tyres and scrap metal) and general bulky waste to be landfilled (Domestic premises)
- Education and Customer Service.

New provisions incorporated into this contract include:

- Customer Service – including the provision of a call centre, fully integrated monitoring system, cameras on all collection vehicles and Customer Request Management System that can also be remotely accessed by Council staff.
- Waste Education – The development of education material, contamination management procedure and a website that is integrated with the Customer Request Management System.

- Performance Management Payment - Deductions will be made to contract payments if the contractor fails to meet performance standards or for contract non-compliance.
- Collection Service Audits to be conducted every 2 years, which will at a minimum, meet the requirements stipulated by the state government.
- Work Health and Safety Audit – the contractor must provide specified funds for the procurement of an independent assessor/auditor to examine their WHS practices.

Provisions allowed for in the contract to be utilised at Council's discretion for an additional cost (estimates of these have been factored into the projected costs) are:

- Wheel Out/Wheel Back – Councils have requested a labour rate to wheel bins out and back in after being serviced. This can be applied to Multi Unit Dwelling Complexes to assist with the limited bin presentation space or for individual 'infirm' residents who are unable to wheel their bin out for collection themselves.
- Special events – This will secure a rate for waste, recyclables and organics bins to be provided and removed from events, and the material to be taken to a nominated disposal facility. This service is not compulsory, but will provide a set rate for Council event organisers if they require this service.

Provisions allowed for in the contract as an optional service at additional costs are:

- Provision for trial services at Council's discretion – including Food Organics Garden Organics (FOGO)

Tenders were invited by the open tender method with a close of tenders of 10.00 am on 30 July 2013.

Seven (7) Tenders were received from three (3) Tenderers for services to WCCand/or SCC. Five (5) of these Tenders were applicable to WCC. All Tenders were received by the close of tender and all tenders have been scrutinised and assessed by a Tender Assessment Panel comprising representatives of WCC Finance and City Works Divisions in addition to two representatives from SCC.

The Tender Assessment Panel assessed all tenders in accordance with the following assessment criteria as set out in the formal tender documents:

- 1 Confidence in the ability and expertise with which the Tenderer will perform the service – 15%
- 2 Physical, human resources (all plant, equipment and staff) – 10%
- 3 Management systems (Quality, WHS and Environmental Management Plans) – 10%
- 4 IT infrastructure and associated reporting systems – 10%
- 5 Adequacy of the Contamination Management Plan, Community Education Strategy and Call Centre – 10%
- 6 Strengthening of Local Economic Capacity – 5%
- 7 Cost to Council – 40%

The Tender Assessment Panel utilised a weighted scoring method for the assessment of tenders which allocates a numerical score out of 10 in relation to the level of compliance offered by the tenders to each of the assessment non-financial criteria as specified in the tender documentation. Financial criteria were scored out of 40. The method then takes into account pre-determined weightings for each of the non-financial assessment criteria which provides for a total score out of 60 to be calculated for each tender. The Panel then applied the standard Council mathematical formula utilised to calculate the financial score (in this case out of 40), to calculate a scaled result out of 60 for the non-financial component. These two figures were then added together to provide a score out of 100. The tender with the highest total score is considered to be the tender that best meets the requirements of the tender documentation in providing best value to Council. Table 1 below summarises the results of the tender assessment and the ranking of tenders.

Table 1 – Summary of Tender Assessment

Tenderer	Ranking
REMONDIS Australia Pty Ltd – WCC if also chosen by SCC	1
REMONDIS Australia Pty Ltd – WCC Only	2
SITA Australia Pty Ltd – WCC and SCC	3
JJ Richards & Sons Pty Ltd – WCC if also chosen by SCC	4
JJ Richards & Sons Pty Ltd - WCC Only	5

Proposal

Council should authorise the engagement of REMONDIS Australia Pty Ltd to carry out the Collection of Residual Waste, Recyclables, Organics, Hard Waste and associated Education and Customer Services in accordance with the scope of works and technical specifications developed for the project.

The recommended tenderer has satisfied the Tender Assessment Panel that it is capable of undertaking the works to Council's standards and in accordance with the technical specification.

Referees nominated by the recommended tenderer have been contacted by the Tender Assessment Panel and expressed satisfaction with the standard of work and methods of operation undertaken on their behalf.

Consultation and Communication

- 1 Members of the Tender Assessment Panel consisting of representatives from Wollongong City Council Finance and City Works Divisions in addition to two representatives from Shellharbour City Council

- 2 Nominated Referees
- 3 External Technical Consultants – Hyder Consulting Pty Ltd
- 4 External Probity Advisors – Walter Partners
- 5 External Legal Advisors – Bartier Perry
- 6 External Financial Advisors – Kingsway Financial Assessments Pty Ltd
- 7 Wollongong City Council Audit Committee
- 8 Australian Competition and Consumer Commission

Planning and Policy Impact

This report relates to the commitments of Council as contained within the Strategic Management Plans:

Wollongong 2022 Community Goal and Objective – This report contributes to the Wollongong 2022 Objective ‘Wollongong’s ecological footprint is reduced’ under the Community Goal ‘We value and protect our environment’.

It specifically addresses the Annual Plan 2012-13 Key Deliverables ‘1.3.2 Methods to reduce emission are investigated and utilised’ which forms part of the Five Year Action ‘1.3.2.1 finalise and deploy Councils Waste and Resource Recovery Strategy in consultation with industry leaders’ contained within the Delivery Program 2012-17.

Risk Assessment

The risk in accepting the recommendation of this report is considered low based on the following –

- This tender process has fully complied with Council’s tendering procedures and the Local Government Act 1993.
- The recommended tenderer, REMONDIS Australia Pty Ltd, is the current service provider to WCC and has successfully completed a number of contracts of similar size and scope.
- Security provisions have been incorporated into this Contract to mitigate the risk to Councils should the Contractor default.

Financial Implications

It is proposed that the total project be funded from the following source as identified in the Management Plan –

Domestic Waste Management Charge

This contract cost is based on a Schedule of Rates that is subject to rise and fall.

The projected cost per annum is \$9,553,033.44, however this is subject to a cost reduction if Shellharbour City Council enters a simultaneous contract. The reduced projected cost is equal to \$9,512,614.20, a saving of \$40,419.24 per annum.

Conclusion

REMONDIS Australia Pty Ltd has submitted an acceptable Tender to carry out the collection of Residual Waste, Recyclables, Organics, Hard Waste and associated Education and Customer Services. Council should endorse the recommendations of this report.

ITEM 2 TENDER T13-23 - RECYCLABLES PROCESSING CONTRACT

The Recyclables Processing Contract covers the acceptance, transfer, sorting and recovery of recyclables collected through the Collection Services Contract.

Tenderers were requested to price the local construction of a Materials Recovery Facility (MRF), however, they were also able to tender for the provision of a Transfer Station to bulk haul recyclables to a MRF.

Tenderers were provided with the opportunity to select from two (2) sites located at the Wollongong Waste and Resource Recovery Park (Whytes Gully) or to find their own alternative site.

Six (6) tenders from four (4) tenderers were received for the provision of services to Wollongong City Council and Shellharbour City Council.

This report recommends Council decline to accept any of the tenders which Council has received for Recyclables Processing and resolve to enter into negotiations in accordance with the requirements of the Local Government Act 1993 and the Local Government (General) Regulation 2005.

Recommendation

- 1 a In accordance with the Local Government (General) Regulation 2005, Clause 178, Council decline to accept any of the tenders which Council has received for the acceptance, transfer, sorting and recovery of recyclables and resolve to enter into negotiations with one, all of the tenderers, or any other party, with a view to entering into a contract in relation to the subject matter of the tender.
 - b The reason for Council resolving to decline to accept any of the tenders is that no single tenderer offered a solution and/or price that represented a satisfactory outcome for Council.
 - c The reason for Council resolving to enter into negotiations with one or all of the tenderers, or any other party, and not inviting fresh tenders is that two tenderers have demonstrated the ability to satisfactorily provide the service. It is anticipated that, subject to negotiations, a satisfactory outcome can be achieved with one of those tenderers.
- 2 Council delegate to the General Manager the authority to undertake and finalise the negotiations with one or all of the tenderers, and in the event of failure of negotiations with those tenderers any other party, with a view to entering into a contract in relation to the subject matter of the tender, subject to a further report to Council detailing the outcome of the negotiations with a recommendation that Council authorise a contract be entered into by Council in accordance with the outcome of those negotiations.

Attachments

There are no attachments for this report.

Report Authorisations

Report of: Kalyan Mondal, Manager City Works
Authorised by: Glenn Whittaker, Director Infrastructure and Works - Connectivity, Assets and Liveable City (Acting)

Background

The Recyclables Processing Contract covers the acceptance, sorting and bulk haul of recyclables collected through the Collection Services Contract, which not only includes Domestic and Non-Domestic Premises, but also product sourced through the Wollongong Waste and Resource Recovery Park.

A mandatory price option to construct a MRF in the Illawarra was included in the tender, however, Tenderers could also submit a proposal for a Transfer Station to bulk haul recyclables to an alternative facility. By giving Tenderers this option they were able to provide details of their business solutions to best meet the needs of our region.

This is a long term contract providing a fixed period of twelve (12) years with an optional three (3) year extension (maximum contract term 15 years). Tenders were invited by the open tender method with a close of tenders of 10.00 am on 6 August 2013. The current Recyclables Collection and Processing Contract expires 30 June 2014, and this new Contract will commence 1 July 2014.

Proposal

Council should decline to accept any of the tenders which Council has received and resolve to enter into negotiations for the acceptance, transfer, sorting and recovery of recyclables in accordance with the scope of works and technical specifications developed for the project.

Consultation and Communication

- 1 Members of the Tender Assessment Panel consisting of representatives from Finance and City Works Divisions in addition to two representatives from Shellharbour City Council
- 2 Nominated Referees
- 3 External Technical Consultants – Hyder Consulting Pty Ltd

- 4 External Probity Advisors – Walter Partners
- 5 External Legal Advisors – Bartier Perry
- 6 External Financial Advisors – Kingsway Financial Assessments Pty Ltd
- 7 Wollongong City Council Audit Committee
- 8 Australian Competition and Consumer Commission
- 9 Division of Local Government

Planning and Policy Impact

This report relates to the commitments of Council as contained within the Strategic Management Plans:

Wollongong 2022 Community Goal and Objective – This report contributes to the Wollongong 2022 Objective ‘Wollongong’s ecological footprint is reduced’ under the Community Goal ‘We value and protect our environment’.

It specifically addresses the Annual Plan 2012-13 Key Deliverables ‘1.3.2 Methods to reduce emission are investigated and utilised’ which forms part of the Five Year Action ‘1.3.2.1 finalise and deploy Councils Waste and Resource Recovery Strategy in consultation with industry leaders’ contained within the Delivery Program 2012-17.

Risk Assessment

The risk in accepting the recommendation of this report is considered low based on the following –

- The tender process has fully complied with Council’s tendering procedures and the Local Government Act 1993.
- An external probity advisor will be engaged to formulate a negotiation plan and to assist and oversee the negotiation process.

Financial Implications

It is proposed that the total project be funded from the following source/s as identified in the Management Plan –

Domestic Waste Management Charge

Conclusion

No single tenderer has provided a solution for Council that represents a satisfactory outcome. It is anticipated that, subject to negotiations, a satisfactory outcome can be achieved with one of the tenderers, or failing that, with another party.